

Leaseholder Handbook
A guide to your rights and responsibilities as an
Adur District Council leaseholder

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Introduction

Since the Right to Buy legislation was introduced in 1980 Adur District Council has sold around 1,800 houses and more than 500 flats. Although we have no responsibility for the houses once they are sold, we still own the freehold of the flats that we sell. Therefore we are responsible for the ongoing maintenance and management of these properties.

This handbook gives guidance on what our responsibilities are as the freeholder and what your responsibilities are as the leaseholder. The handbook should be used as a reference guide as it covers many aspects of owning your flat. However as the contents are for general guidance and they do not take precedence over your lease. If you need to know your rights or are involved in a dispute, you should seek independent advice.

Living in a leasehold property

Explanation of Leaseholder / Freeholder

By purchasing a leasehold property (usually a flat), a person is buying the right to live in that property for a fixed number of years. For council flats, this term is 125 years from when the first property in a block is sold. The leases for any properties subsequently sold in the block will expire on the same date as the lease for the first property in the block.

The lease is a binding contract, enforceable by law, which contains both your rights as the leaseholder and the council's rights as the freeholder. The council as freeholder owns the building in which you live, and is responsible for looking after the structure, exterior and common areas of the building. As a leaseholder, you have to pay a service charge, which is your share of the costs of maintaining the block and providing services.

Mixed Tenure buildings

Most council blocks have a proportion of both leaseholders and council tenants. Many services and the way these are provided and managed apply to leaseholders and tenants alike and so there are no separate arrangements for leaseholders.

So for example all communal repairs or any issues communal services such as building cleaning with should be reported to and followed up if need be with the Contact Centre on 01273 263030.

Council tenants are subject to the restrictions of their tenancy agreement which is enforced by the Housing Management Officers. Leaseholders are subject to the restrictions of their lease which is enforced by the Leasehold Team.

Although there are different methods of enforcement, the council aims to treat both tenants and leaseholder equally. We expect the same standards of behaviour for all our residents and will deal with any incidents such as anti-social behaviour in equal measure whether it involves a tenant or leaseholder. Leaseholders who sublet their property are responsible for ensuring that their sub-tenants keep to the terms of the lease.

Contacting the Leasehold Team

The Leasehold Team is responsible for the administration of leasehold properties and for services that apply solely to leaseholders.

You can contact the leasehold team if you have any queries on:

- Your service charge account
- Ways to pay your service charge
- If you want to set up a direct debit
- If you are finding it difficult to pay your service charge
- Notices you have received about major works
- Selling-on your home
- Subletting
- Your rights and responsibilities as a leaseholder
- Carrying out alterations to your home
- Extending your lease
- Buying the freehold

Email leasehold@adur.gov.uk

Telephone 01273 263030

Or write to: Adur District Council, Leasehold Team, Portland House, 44 Richmond Road, Worthing BN11 1HS.

Rights and Responsibilities

This section provides a summary of the basic rights and duties of the council, as freeholder, and yourself as owner of a leasehold flat. This is only a guide and you should refer to your lease for full details.

Your responsibilities:

As a leaseholder you are responsible:

- to pay the ground rent, the service charge and major works charges

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- to advise the council of any transfer of the lease, mortgage or sublet and pay a registration fee
- to observe all the terms and regulations set out in your lease
- to allow the council and its contractors access into your property in order to carry out repairs or inspect the property
- not to make structural alterations or additions, including new windows, without first obtaining the council's written permission
- not to do anything which may cause a nuisance or inconvenience to other residents
- not to cause damage to any part of the building

You are responsible for insuring the contents of your home and paying utility bills

The council is responsible under the lease:

- to repair and maintain the structure, exterior and shared parts of your block of flats, including any common halls, staircases, landings , communal gardens , fences and walls etc.
- to insure the building, including your flat, against loss or damage by fire and other risks it considers desirable

Repairs

You are responsible for repairs inside your flat including:

- fixtures and fittings such as kitchen units and sinks
- floorboards
- internal non-structural walls
- plaster or other surface material on interior walls and ceilings
- doors and door frames
- toilets, baths and showers
- radiators, cisterns , tanks, boilers and pipes within the flat
- gas, water and electricity installations, wiring and pipework within the flat
- internal decorations
- glass within your window frames

The council is responsible for repairing and maintaining the fabric and main structure of your building, including:

- Structural walls
- Roofs
- Joists
- Gutters, rainwater and soil pipes
- Foundations
- Main entrance door(s) to the building

- Lighting to entrances, stairways and walkways
- Communal electrical installations and equipment
- Communal water tanks
- Communal TV aerials and equipment
- Window frames and window furniture
- Door entry systems including handsets

Reporting a Repair to the Council

If there is a problem with something that is the council's responsibility to repair or maintain such as the communal door, blocked gutters or the door entry system, you can report this via our online portal by visiting www.adur-worthing.gov.uk/adur-homes/request-a-repair/

If there's a problem with communal services such as building cleaning, or grounds maintenance, then you should call the Contact Centre on 01273 263000.

Loft spaces

As a leaseholder, the roof or loft space above your flat (if applicable) does not form part of the flat which you own. It is part of the main structure of the building that belongs to the council. This means that you should not use it for storage or any other purposes, even if the only access to is from your flat.

You should only enter the roof/loft space where you need to repair or replace any cables, wires, ducts, tanks or pipes etc. that relate to the supply of gas, electricity or water to your property.

Additionally, due to fire regulations residents are not permitted to store any items in the loft spaces, or lay wooden boards. This is due to potential overloading of combustible items within the loft space that in the event of a fire, could have a significant impact on the intensity and spread.

Service Charges

Although you own your flat, the council as landlord has a duty to repair and maintain the building and to provide certain services. We will then recover your share of these costs from you in the form of a service charge. The service charge is the contribution you pay towards the day-to-day running of your block of flats.

Your lease will show the proportion of the cost of repairs and services to our building that you have to pay and what services you have to pay for.

The cost of any work that is carried out to your building will be divided by the total number of properties in the building. Each flat is then allocated an equal share of that cost whether it is leasehold or tenanted. So for example, if you live a block of 20 flats, each leaseholder will be charged 1/20 of the cost. The cost of any work to the tenanted flats will be covered by the council. Leaseholders do not subsidise the cost of work to tenanted flats.

Your annual service charge is payable initially on an **estimated** basis. The estimated service charge is sent in March/April each year for the start of the financial year and covers the estimated cost of carrying out repairs and providing services for the year ahead.

At the end of the financial year, after the closedown of the council's accounts, we work out the **actual** costs incurred in carrying out repairs and services and we send you a schedule showing your share of the cost. We compare the total **actual** charge with the total **estimated** charge to work out the difference between these two figures and we apply an adjustment to your account accordingly.

If the estimated charge is *less* than the actual charge, we will raise an invoice for the difference. If the estimated charge is *more* than the actual charge, this will give rise to a credit which will be carried forward on your account.

The schedule will show your share of the cost of each service provided to your block. We can provide an itemised breakdown of the charge for general repairs on request.

Payment Options for annual service charges

You can either pay the annual service charge in full, or in 12 monthly instalments. Full details of how to make payments will be included with the invoice. If you are experiencing difficulty in paying your service charge, please contact the Leasehold Team as soon as possible.

Ground Rent

Your Ground Rent is £10 per year. This is a nominal payment to the council in order to recognise the fact that as your landlord, the ownership of the freehold for the whole building remains with the council. The full payment is due on 1 April each year but you can pay your ground rent in monthly instalments along with your service charge rather than make a separate payment.

Major Works

As well as carrying out routine repairs to your property which are included in your annual service charge, we also carry out planned cyclical work and improvements to your property.

Examples of these are:

- External Decorations
- Brickwork or concrete repairs
- Roof renewal
- Replacing windows
- Installing a door entry system

We are required under the Landlord & Tenant Act 1985 (as amended) to consult with you before we carry out any work that will cost more than £250 per flat. Please see the Consultation section.

Payment options for major works

Details of how to pay and the options to pay will be included with the invoice. In many cases, you will be able to pay in monthly instalments without interest. In cases of hardship it may be possible for you to pay only when you sell your property; we would put a legal charge against your property to protect the debt.

Limit of repair costs to you

If your flat was purchased directly from the council within the last five years then you should have a Section 125 or Landlord's Offer Notice. This includes an estimate of the cost of service charges for repairs and improvements to the property for the first five years of the lease. This estimate plus an inflationary allowance is the most we can charge you for repairs or improvements for the first five years. This does not apply to charges for services such as grounds maintenance or communal way cleaning.

Management Charge

As well as paying for any repair and maintenance costs to your building, you also have to pay a management charge. This covers the costs of the leasehold team and other staff who are involved in managing leasehold properties or providing communal services. This includes calculating and collecting service charges, dealing with correspondence and enquiries, carrying out the formal consultation with leaseholders in advance of major works. It also covers the associated overheads and running costs and support services such as IT, finance, accountancy, and legal services.

The management charge is currently calculated as follows:

- 10% of the total service charge bill for repairs and services (excluding ground rent),
plus
- A flat fee of £75.00.

Where we carry out major works, a management charge of 10% is added to your share of the cost of the works to your building.

Consultation

Consultation on Major Works (costing over £250 per flat)

In this section we've outlined the consultation process we will follow ahead of carrying out major works. The process is set out by the Landlord & Tenant Act 1985 (as amended by the Commonhold & Leasehold Reform Act 2002)

Stage 1

We will first send you a Notice of Intention. This will give you a summary of the proposed works and why they are required. At this stage of the consultation you have 30 days to make any written comments or observations. We have to have regard to any written observations we receive in this period and give you our response. We may not be able to act in accordance with leaseholders' comments, but our decision will be based on legal requirements and what is deemed reasonable.

You also have the opportunity to recommend a particular contractor who you think should be asked to provide an estimate. However not all contractors may be suitable as they have to meet certain insurance, health and safety and other requirements.

After this stage we will invite contractors to provide an estimate for the work that is required. If there are any suitable contractors proposed by leaseholders, we'll ask at least one to provide an estimate.

Stage 2

When we have received the estimates from the contractor, we will send a second notice to leaseholders called a Notice of Estimates. This will include for at least two of the estimates received, the estimated cost of the proposed works. Where an estimate has been obtained from a contractor nominated by a leaseholder, that estimate will be one of those included. We'll tell you when and where you can inspect copies of all the estimates if you want to do this. We will usually choose the lowest estimate if they meet all the requirements.

We'll include a summary of any observations we received from leaseholders at Stage 1 (Notice of Intention stage) together with our response to those observations.

You will have a period of 30 days in which to give us your written observations on the estimates.

At the end of the consultation period, the council will award the work to the chosen contractor. We will send out a notice of award of contract only if the chosen contractor did not submit the lowest estimate or was not nominated by a leaseholder.

Consultation on long-term agreements

If the council wishes to enter into a long-term agreement with a contractor for a period longer than 12 months to provide works or services, and the cost to any one flat under the agreement is more than £100 a year, we have to carry out a similar leaseholder consultation process.

Examples of services which might be provided under a long-term agreement include:

- day-to-day repairs
- Surveying or project-management services
- lift or door entry system maintenance
- grounds maintenance
- communal way cleaning
- electricity (for public way lighting)

Insurance

The Council has its own building insurance and undertakes to insure the structure of your block against any loss or damage by fire, flood, storm, or other such risks. The cost of this buildings insurance is recoverable from you in the annual service charge.

You can download a copy of the current year's building insurance policy schedule from the leaseholders section of the council's website www.adur-worthing.gov.uk/adur-homes/leaseholders/buildings-insurance/

The buildings insurance does **not** include cover for the contents of your property. You are responsible for arranging this and the importance of having contents insurance cannot be overemphasised. If your contents are damaged as the result of a defect to part of the building for the council is responsible - for example, a roof leak - this does not mean that the council is automatically responsible for compensating you for any loss or damage to your contents. Normally any liability only arises where there has been negligence.

Selling or sub-letting your property

Selling on and the right of first refusal

If you plan to sell your flat we need to be informed as soon as possible. We have a standard landlord information pack that can be provided to solicitors to answer their general enquiries. This currently costs £114.00 including VAT. Once we have received the fee, we aim to email the pack within 2-4 weeks.

Normally the seller's solicitors will request the pack and they send it to the purchaser's solicitors. We cannot provide the pack direct to a potential purchaser nor their solicitors.

Any outstanding leasehold debts must be paid to the council in full prior to completion of the sale. The purchaser's solicitors must give the council details of the new leaseholder within one month of the completion date. We cannot update the change of ownership in our records until we've received the formal notification, but it is helpful if you can inform us yourself so note that we can make a note that the property has changed hands.

It is a condition of your lease if you bought your home under the Right to Buy and want to sell it within 10 years, that you must give the council a right of first refusal to buy it back from you at its current market value. You will need to write to the council and we will let you know whether we want to buy it back. We have 8 weeks to respond but would aim to respond much sooner than this. If we do not want to buy back your home, you are then free to sell it on the open market. If you are selling, your purchaser will want to be sure that you have followed this procedure.

Repayment of discount

If you purchased your property under the Right to Buy and sell it within five years then you will have to pay back some or all of the discount that you received.

The amount you need to repay depends on the value of your home when you sell it, and the way it is calculated takes into account any increase in the value of your home.

If you sell within the first year, you'll have to pay back all of the discount. After that, you'll have to pay back:

- 80 % of the discount if you sell in the second year
- 60 % of the discount if you sell in the third year
- 40 % of the discount if you sell in the fourth year
- 20 % of the discount if you sell in the fifth year

For example, if your home was valued at £200,000 when you bought it and you received a discount of £70,000, the discount was 35% of the market value. If you sell it in the third year and at that time your property is worth £250,000, 35% of £250,000 is £ 87,500, so you would have to repay 60% of £87,500, that is £52,500

Subletting

If you let your flat then you must inform the council. You need to provide details of your tenant, any managing agent and your correspondence address. You must ensure that your tenants keep to the terms of your lease as you will be held accountable for their actions.

As a landlord you are legally responsible for making sure that any gas fires or boilers in the property are serviced annually by a Gas Safe registered contractor. You also need to have a smoke alarm fitted on each storey of your property and must make sure the alarm is in working order at the start of each new tenancy. For further advice on being a landlord and links to other sources of information, search for How to Rent on www.gov.uk

Lease Extension and Buying the Freehold

Extending your Lease

If you are a leaseholder and have owned your property for at least two years then you are entitled to buy a new lease, which adds another 90 years to the existing one. The terms of your new lease will be largely the same, but you will no longer have to pay ground rent.

If you decide to apply to extend your lease, you will need to serve a formal notice on the council. As the notice needs to contain certain information in order to be valid, including the amount you propose to pay for the lease extension, we strongly recommend you seek professional advice first. Serving the notice commits you to pay our legal and valuation costs, so it is important to think things through first and seek independent advice.

We cannot tell you how much the lease extension will cost, but you can get an idea from using a lease extension calculation tool on the Leasehold Advisory Service (LEASE) website at <https://www.lease-advice.org/calculator/>

Collective Enfranchisement

This is the right for you and other leaseholders in your block to buy, as a group, the freehold of the block you live in. You have this right even if we do not want to sell, provided the following qualifying criteria are met:

- the block must have two or more flats
- at least two-thirds of the flats in the block must be leasehold
- leaseholders numbering at least half the flats must want to take part in buying the freehold

Once your group has bought the freehold, it would be able to decide how to manage and maintain the building. If there are any flats in your block occupied by council tenants, we would lease them back in order to maintain the rights of our secure tenants who live in any such flats.

The process is started by serving a formal notice on the council. Again we strongly recommend you and your neighbours discuss the matter first and seek independent advice.

Further Help and advice

You can get information, free advice and guidance on being a leaseholder and living in a leasehold property from the Leasehold Advisory Service (LEASE) at www.lease-advice.org. You can book a telephone appointment or complete an enquiry form on-line on their website.

You can also search for "leasehold" on www.gov.uk

You might also wish to contact Citizens Advice in West Sussex (North, South, East) at www.advicewestsussex.org.uk Their advice line telephone number is 0344 477 1171, which is available Monday to Friday, 10am – 4pm.

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